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C O N F I D E N T I A L SECTION 01 OF 02 ABUJA 002358

SIPDIS

STATE FOR AF/FO, AF/W, AF/RSA, DRL, INR/AA;
USAID FOR AFR/WA (DALZOUMA)

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SUBJECT: NIGERIAN NUGGETS -- DECEMBER 31, 2009

Classified By: Economic Counselor Perry E. Ball
for reasons in Sections 1.4 (b) and (d).

11. (U) Mission Nigeria provides the following compilation of recent political, economic, and social developments not previously reported.

BAYELSA STATE CRACKS DOWN ON PAYROLL FRAUD

12. (C) Niger Delta Bayelsa State Governor Timipre Sylva vowed on December 29 to prosecute civil servants involved in the state's ghost worker payroll scam. Due Process and e-Government Bureau Director Dimieari Von Kemedi told PolMilOff on December 30 that an audit of payroll records following the government's registration of employee biometric fingerprint data revealed 3,867 fictitious "ghost" workers and 7,265 additional workers without credible employment records, representing 21.1 percent of its work force and N3.5 billion (USD 23 million) in illicit salary payments per year. Von Kemedi stated that his office would similarly audit the pensions payroll in 2010 and implement a new Oracle-based financial management software program to increase efficiency and transparency. He remarked that local government payroll corruption is far worse. Typically, local governments in Bayelsa State spend more than 100 percent of their federal government subsidies on salaries alone, leaving inadequate funds for basic local services, e.g., health care, primary schools, and public infrastructure such as sewers and water. Separately, the World Bank finished a technical assistance mission to Bayelsa State in September 2009 where it noted "significant progress" in establishing new auditing controls and completing backlogged audit reports. World Bank Economist and Team Member Pierre Strauss told PolMilOff that Baylesa officials had candidly discussed its corruption problems, permitted an unfettered review of the state's financial records, and appeared sincere at implementing new controls to remedy its problems.

BAUCHI REMAINS CALM; ICRC HELPS BURY DEAD

13. (C) International Committee of the Red Cross (ICRC) Communication Delegate Anahita Kar told PolMilOff on December 31 that Bauchi has remained calm since Monday and that business has returned to normal. Kar said the official number of casualties is 40, not 70 as reported by some media outlets December 30-31. He said the death toll cited in media reports was not accurate because an unauthorized member

of the National Society of the ICRC acted on unreliable information and provided journalists with an inaccurate statement. Kar personally visited the morgue and was present for the December 30 burial by the Nigerian Red Cross, which was coordinated with police authorities who had requested assistance with the burial. Kar said some families were unwilling to identify the bodies because they fear stigmatization by association with their deceased relatives. Also, since some sect members followed their religious leader from other parts of the country to Bauchi, other family members did not live nearby. Kar reported that 23 children who lost family members in the conflict are now in protective custody at the Bauchi police headquarters. Authorities are taking the children's pictures for identification and are interviewing them to gather information regarding their origins and extended families.

YAR'ADUA NEVER SIGNED BUDGET; RUMORS BEGIN

¶4. (SBU) Several local newspapers reported on December 31 that President Yar'Adua never signed the 2009 Supplementary Budget bill. An undisclosed source alleged that Principal Private Secretary to the President David Edevbie, who reportedly met with Yar'Adua when he signed the budget bill, was never granted access to his Saudi Arabia hospital room.

OUTGOING CHIEF JUSTICE SWEARS IN SUCCESSOR

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¶5. (SBU) Outgoing Supreme Court Chief Justice (CJN) Idris Legbo Kutigi swore in his successor Iyorgher Aloysius Katsina-Alu in Abuja at noon on December 30 despite numerous protests from Nigerian Bar Association (NBA) President Rotimi Akeredolu, former NBA President Olisa Agbakoba, prominent Lagos attorney Femi Falana, and human rights lawyer Bamidele Aturu. The NBA had argued that Kutigi should not swear in Katsina-Alu because "at the moment a new CJN takes his oath of office, he automatically becomes the substantive CJN, while the former CJN bows out." Kutigi did not immediately bow out, however. His tenure expired twelve hours later at midnight when he turned 70 years of age, and Kutigi announced that he would remain in charge of the court for the remaining twelve hours. Attorney General Chief Michael Aondoakaa and the National Judicial Council disagreed, citing Chapter VII, Part IV, Section 290 of the Nigerian Constitution and the second schedule of the Oaths Act, which empowers the President or the Chief Justice to administer the oath of office. Seven of the Supreme Court's fifteen justices, four governors -- Rotimi Amaechi (Rivers), Bukola Saraki (Kwara), Gabriel Suswam (Benue), Timipre Sylva (Bayelsa) -- and Attorney General Aondoakaa attended the swearing-in ceremony.

INTERCONNECTION RATES TO FALL

¶6. (SBU) The Nigerian Communication Commission (NCC) announced that interconnection rates for mobile, fixed, and SMS termination will decrease starting December 31, 2009. NCC Head of Media and Public Affairs Rueben Muoka told the press that the change could result in a 28 percent reduction of retail charges that are passed down to the consumer. NCC's move to revise its 2006 interconnection rate structure will lower termination rates from N11.25 to N4 (approximately USD 0.07 to USD 0.02) over the next two years. The new rates are said to favor new telecom operators by pegging new entrants' rates slightly higher than that of older operators. NCC defines "new entrants" as operators which terminate

services under a license that was allocated after January 1, 2006, and did not provide service, even if under a different license, before January 1, 2006.

STATUS OF THE ASSET MANAGEMENT COMPANY BILL

17. (SBU) House Committee on Capital Markets Chairman Ahmed Aliyu Wadada told Economic Counselor on December 28 that the GON's proposed Asset Management Company (AMC) bill had completed its second reading in both houses of the National Assembly. The next step is for the bill to have a public hearing, which is to take place sometime in late January, followed by a third reading, the reconciliation of both bills, and a final vote before being sent to the president for signature. The bill proposes the creation of an Asset Management Company that would take the toxic assets from Nigeria's distressed banking system, improve the banks capital adequacy, and make it possible them to resume lending. (COMMENT: Central Bank Governor (CBN) Lamido Sanusi told participants at the Nigerian Economic Summit in Abuja on December 14 that the ABC would be funded by 500 billion to 1 trillion naira (USD 3.3 TO USD 6.6 billion). He Qbillion to 1 trillion naira (USD 3.3 TO USD 6.6 billion). He added that the bill would allow the AMC to issue bonds that are guaranteed by the Ministry of Finance and that the CBN would also be able to buy debt without crowding out the private sector. END COMMENT.)

18. (U) Embassy Abuja and Consulate General Lagos collaborated on this telegram.
SANDERS